

Avoiding Contract Audit Citations by Improving Billing Submissions

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Internal Control Comments

- Every Contract with a Consultant Engineering firm needs to have a specifically worded Appendix “D” (See Handout)
- Every Invoice submitted needs to be compared to the contract
- Invoice should show that it has been reviewed and approved by appropriate person
 - Consultant Under Contract to the LPA
 - Consultant Sub-Contractor to the Prime
- **eInvoice system coming soon**
 - Starting with INDOT but will add LPA invoicing in the future
 - Contract terms will be loaded into the system
 - Many comparisons will be automated
 - Electronic approvals

Invoice Processing Comments

- **One invoice per month per P.O.**
 - Most, if not all INDOT contracts have language limiting contractors to submission of one invoice per month
 - Date received stamped on invoice
 - If submitting invoices more frequently than allowed by contract, the invoice will be returned with instructions on how to invoice per terms of contract.
- **Seven MUST have items on an invoice**
 - Invoice number
 - Invoice date
 - Invoice amount
 - Service dates
 - PO number
 - DES number
 - The remit to address registered with Auditor of State

Invoice Approval Suggestion

- Suggested wording
- Would be a stamp created and require signature prior to submission to INDOT for payment

I have reviewed this invoice and agree that the charges billed for the time period are consistent with the contract terms and commensurate with the services performed during the billing period.

Printed Name

Title

Signature

Date

Appropriateness of Invoice

- Each Invoice submitted must match billing terms of the contract
- **Contract Types** (Samples in handout):
 - Cost Reimbursement
 - Cost plus Fixed Fee
 - Negotiated Hourly Labor Rate
 - Labor Rate Multiplier
 - Lump Sum
 - Unit Price

Types of Contracts

- **Lump Sum (See handout, page 3)**
 - Percentage of Completion
- **Negotiated Hourly Labor Rate (See handout, page 4)**
 - Contract Specifies Labor Categories and Rates
 - Other Allowed Expenses
- **Labor Rate Multiplier (See handout, page 5)**
 - Employee Specific Hourly Rates
 - Contract Specified Multiplier
- **Cost Plus Fixed Fee (See handout, pages 6-7)**
 - Employee Specific Hourly Rates
 - Overhead Applied
 - Other Actual Cost
 - Fixed Fee
 - Overhead Adjustment
- **Unit Price**
 - Price for Specific Item of Work

Invoices should or should not contain:

- Must have appropriate documentation to support costs being billed for:
 - Employee Timesheets
 - Invoices
 - Mileage Logs
 - Receipts
- Limitations – “Should not be charged for”
 - No Durable Goods (such as computers, cameras, etc. These should be in overhead and not directly billed to one specific project)
 - Travel **MUST** meet both the terms of the contract and IDOA Policy (See handout and <http://www.in.gov/idoa/2459.htm>)

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 - Questions?
 - Thank You for your time and attention!